



Memorandum

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for December 2011*
DATE: January 13, 2012

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for December 2011.

SUMMARY OF RESULTS

Charter Section 8.05(e) requires the City Auditor to submit a monthly report to the City Council of our activities, findings, and recommendations. This report summarizes reports issued, other activities, assignments in process, and the status of the City Auditor's Fiscal Year 2011-12 Work Plan during the month of December 2011.

Audit Reports Issued During the Month of December:

- 1. Service Efforts and Accomplishments (SEA) Report** – We issued our fourth annual report providing data about the cost, quality, quantity, and timeliness of City services. The purpose of SEA reporting is to strengthen public accountability and help improve government efficiency and effectiveness. It incorporates existing performance measurement data, showing five-year historical trends, a variety of comparisons to other cities, and the results of resident surveys. The report was presented at the January 10, 2012 meeting of the City Council.
- 2. Annual External Financial Audits as of June 30, 2011 (contracted audit service)** – Macias, Gini & O'Connell LLP conducted the annual financial audits of the City, Convention Center, Hayes Mansion, Clean Water Financing Authority, Deferred Compensation, MTC Compliance, Police and Fire Retirement Plan, Federated Retirement System, Redevelopment Agency, Airport, Single Audit, and Management Letter. The reports have been or will be presented to the City Council or to the relevant committee. The City Auditor's Office facilitated and helped coordinate the external audits. The reports can be found on-line at www.sanjoseca.gov/auditor/external.asp

Other Activities During the Month of December:

- Steve Hendrickson, who assumed the role of Acting/Interim City Auditor in June 2007 and continued as Deputy City Auditor from March 2008 to present, has announced that he will be leaving at the end of January 2012. Steve made important contributions to the good functioning of the office and to a number of audit projects, including significant audits of retirement travel, workers' compensation, disability retirement, cardroom regulation, and Team San Jose performance.

Assignments in Process:

3. **Citywide Open Purchase Order For Office Supplies** – This is one in a series of audits of large contracts designed to confirm that the City is getting the service that it is paying for and/or the revenues to which it is entitled.
Project Status: Report writing in process.
Anticipated Release Date: January 2012.
4. **Team San Jose Convention Center Performance and Convention Visitors Bureau (CVB) Activities** – The purpose of our annual convention center review is to determine whether Team San Jose met its performance metrics and other key requirements in the management agreement between the City and Team San Jose for the fiscal year ended June 30, 2011. We are also reviewing the cost and services provided through the CVB agreement between the City and Team San Jose.
Project Status: Report writing in process.
Anticipated Release Date: January 2012.
5. **Information Technology General Controls** – The City's reliance on computer systems for its key business systems and resource reductions in the Information Technology Department require additional audit emphasis in this area.
Project Status: Report writing in process.
Anticipated Release Date: January 2012.
6. **Police Department Secondary Employment** – To assess the cost and effectiveness of the program.
Project Status: Report writing in process.
Anticipated Release Date: TBD.
7. **Fire Department Performance Measures** – The City Auditor reports on City government performance through the annual *Service Efforts and Accomplishments Report*. In September 2009, the office issued *Performance Management and Reporting in San Jose: A Proposal for Improvement* including recommendations to improve data quality. This project will assess the accuracy and reporting of selected performance measures in the Fire Department.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.

- 8. Environmental Services Department Funding and Staffing** – Staffing and management audit of ESD, with special focus on how ratepayer funds are used.

Project Status: Fieldwork in process.

Anticipated Release Date: TBD.

- 9. Water Pollution Control Plant Rehabilitation** – Review of opportunities to reduce the cost of the project, expedite the project, and create savings for ratepayers.

Project Status: Preliminary Survey in process.

Anticipated Release Date: TBD.

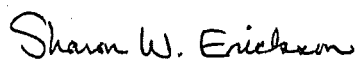
- 10. Coordination of External Audit Work** – Identify other agencies' audits of City programs, the audit scopes, and any open audit recommendations.

Project Status: Preliminary Survey in process.

Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2011-12 Work Plan is attached. On behalf of the Auditor's Office, I would like to express my appreciation to City staff for their cooperation and assistance during our reviews.

Respectfully submitted,



Sharon W. Erickson
City Auditor

SE:bh

Attachment: Status of the City Auditor's FY 2011-12 Work Plan

**Status of the City Auditor's FY 2011-12 Work Plan¹
as of December, 2011**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Annual Service Efforts and Accomplishments	—	—	Completed	Completed	December 2011
External Audit and Single Audit	—	—	Completed	Completed	December 2011
Form 700 Filers	Completed	Completed	Completed	Completed	November 2011
Annual Audits of Bond and Parcel Tax Measure	—	—	Completed	Completed	November 2011
Semi-annual Compliance Reviews of City's Investment Program	—	—	Completed	Completed	November 2011
Airport Service Level Performance Measures	Completed	Completed	Completed	Completed	October 2011
Recommendation Follow-up Report (June 30, 2011)	—	—	Completed	Completed	October 2011
Traffic Citation Revenue	Completed	Completed	Completed	Completed	August 2011
Recovery Act Funding	Completed	Completed	Completed	Completed	August 2011
Assignments In Process					
City Open Purchase Orders for Office Supplies	Completed	Completed	Completed	In Process	January 2012
Team San Jose Convention and CVB Activities	—	—	Completed	In Process	January 2012
Information Technology General Controls	Completed	Completed	Completed	In Process	January 2012
Police Department Secondary Employment	Completed	Completed	Completed	In Process	
Fire Department Performance Measures	Completed	Completed	In Process		
Environmental Services Department Funding and Staffing	Completed	Completed	In Process		
Water Pollution Control Plan Rehabilitation	In Process				
Coordination of External Audit Work	In Process				
Assignments Not Yet Started					
Recommendation Follow-up Report (December 31, 2011)					
Fire Department Disability Rates					
Impact of Staffing Reductions					
Fire Prevention					
Deferred Compensation					
Santa Clara County Cities Association					
Overhead Reimbursements					
Consulting Agreements					
Housing Programs					
Cardroom Oversight					
Annual Financial Scan of CBOs					

¹ The approved work plan is on the web at www.sanjoseca.gov/auditor/workplan.asp

² Projected Issuance Dates are usually six weeks after Report Writing is completed to accommodate exit conferences, draft report revisions and a three week allowance for the administration to prepare a written response. For the Assignments Completed, the date shown is the actual month of report issuance.